

FISCAL NOTE

SB 3328 - HB 3391

March 13, 2006

SUMMARY OF BILL: Enacts the *Tennessee Health Insurance for Small Business and Affordability Act of 2006*. Defines “small business health plan” as a fully insured group health plan whose sponsor is either a bona fide trade or professional association, chamber of commerce or other similar organization that operates on a cooperative basis. Participants in a small business health plan would be required to be small businesses having two (2) to fifty (50) employees. The Commissioner of Commerce and insurance is required to certify such plans and is authorized to promulgate rules for the regulation of such plans. Each plan would pay a one-time certification fee of \$5,000. The Commissioner is required to promulgate by rule a compendium of benefit, service and provider mandates to be required for small employer health plans and to update the compendium every two years. An insurer wishing to sell insurance to small business health plans must notify the Commissioner and file its policy forms so that the Commissioner can determine their compliance with the compendium.

ESTIMATED FISCAL IMPACT:

Increase State Revenues – Less than \$100,000

**Increase State Expenditures - \$120,200 Recurring
\$10,000 One-Time**

Assumptions:

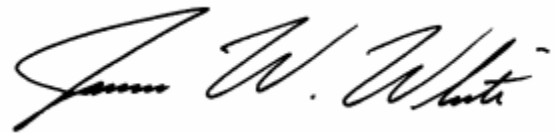
- Small employers would be able to purchase health insurance at group policy premium rates through “small business health plans.” Insurers would pay the premium tax on the premiums collected. Since group insurers pay into the guaranty fund they would be eligible for a corresponding reduction in their premium tax. It cannot be determined how many “small business health plans” would be certified or how many small businesses would purchase the available insurance. Further, it cannot be determined if an employee receiving the insurance would be someone who previously did not have health insurance, someone who is buying additional health insurance or someone who is shifting their health insurance policy from one provider to another. However, it is estimated that authorizing insurers to offer insurance to “small business

health plans” will result in an increase in policies being written and an increase in state revenues from the collection of the premium tax.

- Approximately ten (10) plans will be certified over the first two years of the program.
- An increase in state expenditures for two (2) additional staff positions and related operational expenses to implement and monitor the provisions of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director